

TOWN OF ERIE POPULAR ANNUAL FINANCIAL REPORT

ERIE, COLORADO

2009 ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009



Financial Report Message

The Popular Annual Financial Report highlights accomplishments in 2009 that were key to maintaining Erie as a quality community that is not only a great place to live, work and play but also financially viable for the short and long term. This report is an overview of the financial position of the Town. Information presented here is in summarized and condensed form.

AMENITIES Ground-breaking for the 41-acre Erie Community Park highlighted an exciting year of progress in Erie. Park amenities include four lighted ballfields, a multi-purpose field, four lighted tennis courts, concession stand, three playgrounds and picnic shelter. Park construction is funded through the Town of Erie Park Impact Fund, Tree Impact Fund, a \$200,000 Great Outdoors Colorado grant and a \$175,000 grant from EnCana Oil & Gas.

FINANCIAL STEWARDSHIP Standard & Poor's (S&P) and Moody's Investor Services awarded

Erie favorable "A" ratings for the Town's North Water Reclamation Facility (NWRF) financing. The Water Revenue Bonds were refinanced resulting in a savings of \$742,000 of future interest costs. S&P performed a review of the underlying rating of the GO Bond which resulted in a rating upgrade to 'AA' from 'A+'. The Finance Department completed implementation of a new Utility Billing software system.

ECONOMIC DEVELOPMENT Economic activity at the Four Corners, Erie Commons, Coal Creek Center, and Highway 7 showed measurable strides as new retail establishments, including Walgreens, Snowcap Creamery, 7-11, and Kaddy Shack opened their doors.

INFRASTRUCTURE Construction began on the \$22 million NWRF which will have an ultimate capacity of 3.5 million gallons per day. This additional capacity will serve future customers including those along Highway 52 and Inter-

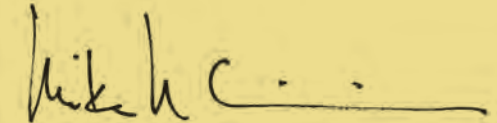
state 25. The Town was awarded American Recovery & Reinvestment Act funding for the Erie Non-Potable Water Pump Station at the NWRF resulting in total savings in excess of \$1.6 million.

Challenges going forward include balancing General Fund expenditures with revenues in the new economy and allocating resources to maintain the Town's high level of service. These challenges have been anticipated and the Town is financially poised to handle them.

Sincerely,



Molly Kostelecky, Finance Director



Mike N. Acimovic, Town Administrator



TABLE OF CONTENTS

Financial Report Message	1
Community Profile	3
Map of Erie	6
Organizational Chart	7
Leadership	8
Board of Trustees Goals	9
Awards	10
Accomplishments	11
Financials	13
Contact Information	20

The complete Annual Budget and Comprehensive Annual Financial Report are available at Town Hall and the Town's website www.erieco.gov.

Community Profile

QUALITY COMMUNITY

"Erie is a community which recognizes the importance of conserving and enhancing its historic small town character, the roots from which it grew, preserving the natural environment in which it resides; a caring community which offers its residents an environment in which to seek a high quality of life; a balanced community with a diverse range of housing, employment, educational, shopping and recreational opportunities; and a vital community which provides financial and social support for quality of life programs."

- Town of Erie Comprehensive Plan

Quality of Life

Situated in the heart of Colorado's major population centers and in close proximity to world-class academic institutions, the Town of Erie is a full-service community providing state of the art infrastructure to our citizens. We're the perfect balance: wonderful people, comfortable surroundings, and an outdoor enthusiast's playground. Erie is a nearby retreat. We are close enough to everything but just far enough away.



Community Profile

ERIE QUICK FACTS

Services: Police, Water, Sewer, Streets, Storm Drainage, Airport, Parks, Recreation, Open Space

Form of Government: Board of Trustees/Town Administrator

Governing Body: Mayor elected at large to a two-year term; 6 Trustees elected at large to a four-year term

Population - 2009: 18,150

Number of Households - 2009: 6,383

Median Age: 32.5

Median Household Income: \$87,284

Planning Area (square miles): 48

Incorporated (square miles): 18

Acres of Parks and Open Space: 291

2009 Operating Budget: \$95,528,700

Employees: 215 (FTE 138)

2009 Town Operating Mill Levy: 7.288

2009 Trails and Natural Areas Construction: 4.00

2009 Erie Community Center Construction Bond: 6.487

2009 Total Mill Levy: 17.775

2009 Town Sales and Use Tax Rate: 3.50%

Incorporated: 1874



Community Profile

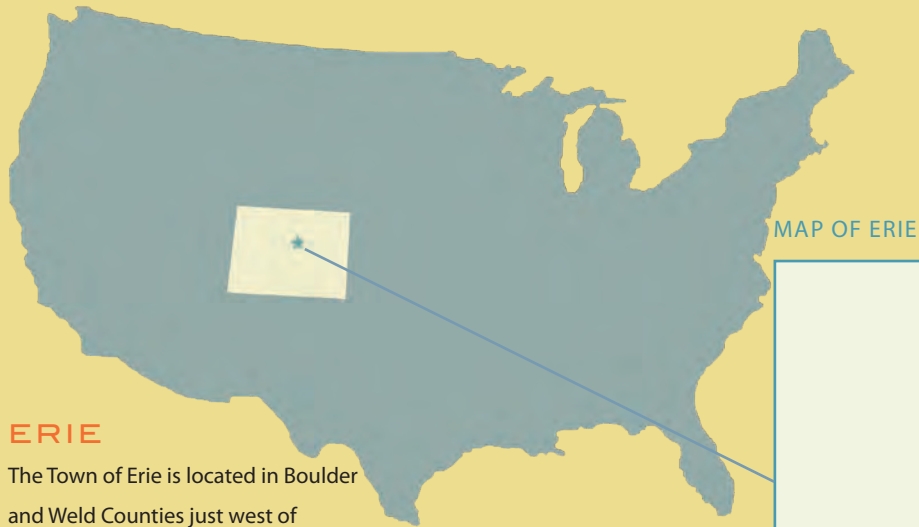
WHAT THEY'RE SAYING

"Being green isn't just a civic commitment - it's a part of daily life for the residents of Erie. The town is on its way toward achieving its goal of becoming a model of eco-friendly civic development, implementing green technologies and environmentally sound policies in new construction as well as existing buildings and utility systems."

- Boulder County Business Report
January 2009



Location



MAP OF ERIE

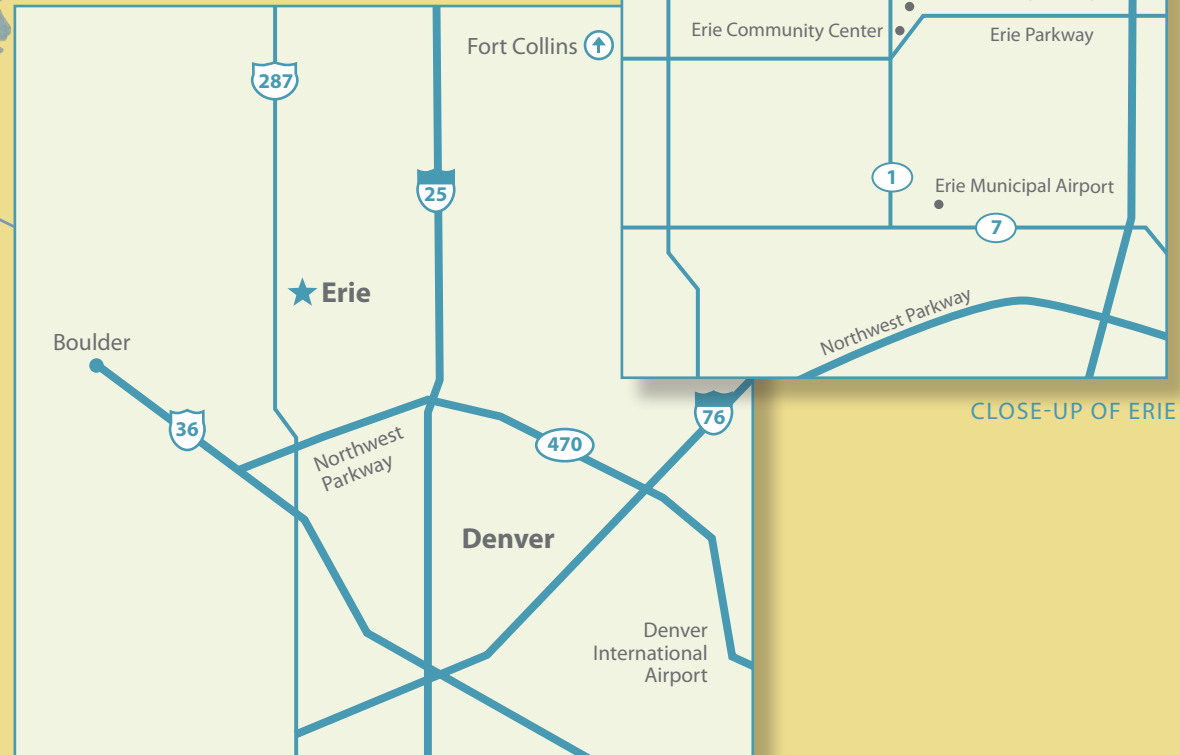
ERIE

The Town of Erie is located in Boulder and Weld Counties just west of I-25 for easy access to I-70, Denver International Airport and Colorado's entire Front Range. Erie's Planning Area spans 48 square miles, extending from the north side of State Highway 52 south to State Highway 7, and between US 287 on the west and Interstate 25 to the east.

35 Minutes to DIA

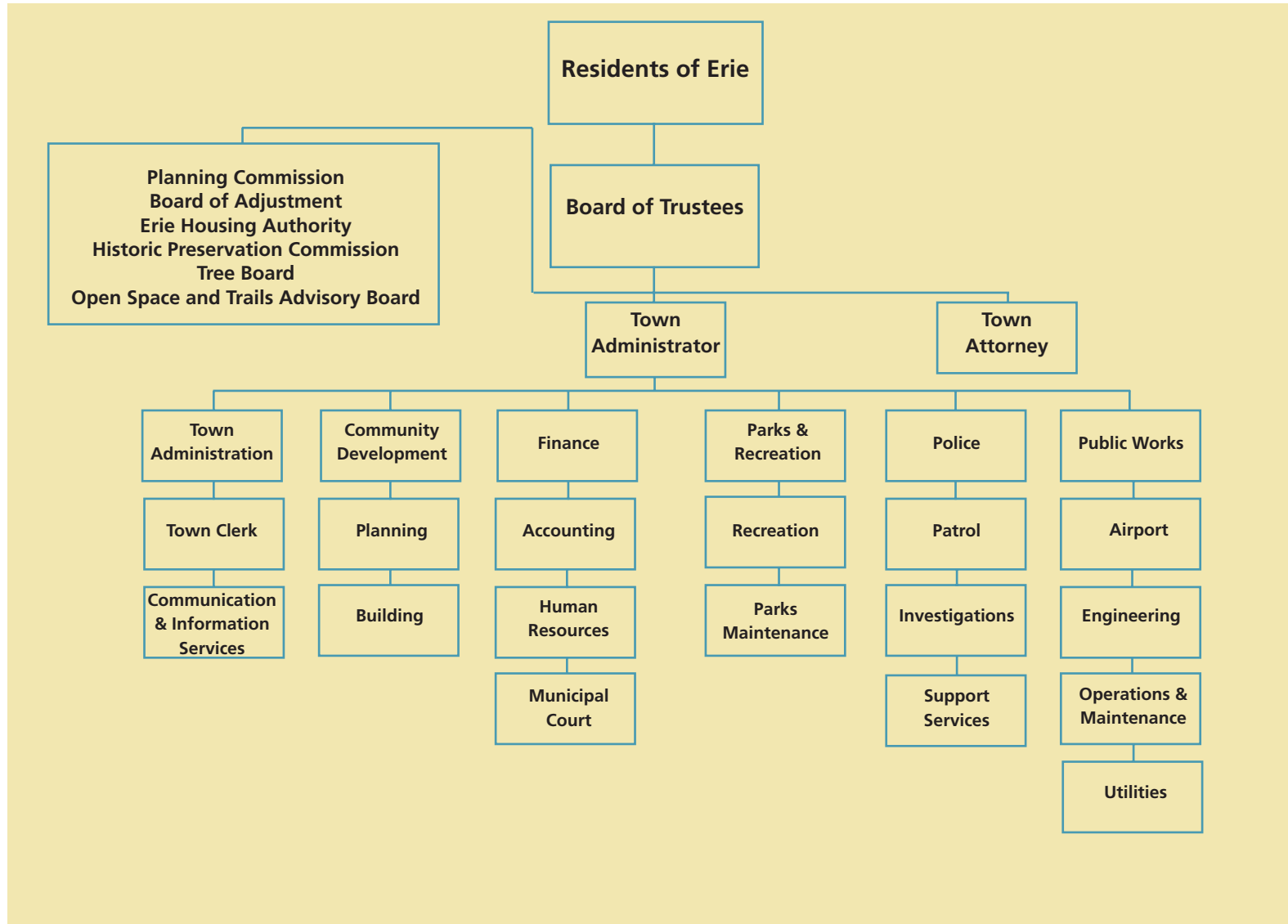
25 Minutes to Denver

20 Minutes to Boulder



CLOSE-UP OF ERIE

Organizational Chart



Leadership



BOARD OF TRUSTEES

Photo from left to right: Trustee Mark Gruber, Trustee Colin Towner, Mayor Pro Tem Cheryl Hauger, Mayor Joe Wilson, Trustee Ronda Grassi, Trustee Paul Ogg, and Trustee Joe Carnival.

ADMINISTRATION

Mike N. Acimovic
Town Administrator

Mark Shapiro
Town Attorney

Nancy Parker
Town Clerk

R. Martin Ostholthoff
Community Development Director

Molly Kostelecky
Finance Director

Jill Wait
Parks & Recreation Director

John Hall
Chief of Police

Gary Behlen
Public Works Director

Board of Trustees Goals

THE BOARD OF TRUSTEES SERVES AS THE LEGISLATIVE AND GOVERNING BODY OF THE TOWN OF ERIE. IT IS RESPONSIBLE FOR ESTABLISHING TOWN POLICIES AND GOALS. THE GOALS GIVE DIRECTION TO TOWN STAFF FOR CONDUCTING THE BUSINESS OF THE TOWN.

1. Manage the direction and rate of growth to achieve quality, predictability and sustainability.
2. Continue to establish municipal land use boundaries to achieve community, stability and economic security.
3. Continue to enhance recreational and cultural amenities for all Erie citizens.
4. Fund and provide essential infrastructure that corresponds with the planned rate of growth.
5. Manage Erie's financial operation in an open, responsible and ethical manner.
6. Develop additional and continue to promote proactive fluid communication between government and the constituents of Erie.
7. Maintain a safe community in which to live, work, and play.
8. Manage resources to maximize utilization of people, energy, and capital.
9. Support organizations and activities which enhance Erie's ability to be a key player on regional issues.

Awards

GFOA Distinguished Budget Presentation Award - 2004, 2005, 2006, 2007, 2008, 2009, 2010

American Public Works Association Award for Management Excellence - 2008
Detention Facility 1045

American Public Works Association Award for Management Excellence - 2008
Erie Community Center

American Public Works Association Award for Management Excellence - 2008
Irrigation Audit Kits

National Arbor Day Foundation Award - 2009 (11th Year)
Tree City USA

Best of The West "Best Recreation Center", People's Choice and Editor's Choice - 2008
Yellow Scene Magazine

GFOA Award for Excellence in Financial Reporting - 2004, 2005, 2006, 2007, 2008

GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting - 2007, 2008

American Planning Association's Outstanding Planning Project Award - 2007
Comprehensive Plan Update/Unified Development Code

American Council of Engineering Companies Engineering Excellence Award - 2007
Water Treatment Facility Expansion Project

Governor's Award for Downtown Excellence - 2006
Concerts in the Park Series

State Treasurer's Award for Excellence in Financial Management - 2006

Award for Outstanding Achievement in Popular Annual Financial Reporting

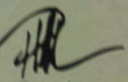
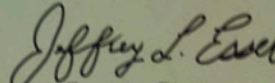
PRESENTED TO

**Town of Erie
Colorado**

for the Fiscal Year Ended

December 31, 2008




President

Executive Director

Accomplishments

2009 WAS AN EXCITING YEAR IN TERMS OF ACCOMPLISHMENTS. THE ERIE COMMUNITY CENTER OPERATED ITS 2ND YEAR AND WELCOMED 183,564 VISITORS; THE POLICE DEPARTMENT RESPONDED TO 8,064 CALLS FOR SERVICE; AND THE FINANCE DEPARTMENT IMPLEMENTED NEW FINANCIAL SOFTWARE. BELOW IS A SUMMARY OF MANY OF THE ACCOMPLISHMENTS COMPLETED DURING 2009.

BUILDING SERVICES

- Inspections - 5,000
- Permits Issued (All Types) - 719
- Contractor Licenses Issued -183
- Code Enforcement Cases - 20
- Building Permit Software Conversion
- Implementation of Field Inspection Computers
- Implementation of Electronic Applications
- Electronic Records Database Upgrade

COMMUNICATION

- Annual Report
- Website Visitor Sessions - 978,239
- On Demand Streaming Video - 1,850 Views
- Weekly E-News Updates - 52
- LIVE Televised Meetings - 46
- Erie Edition Newsletter - 6
- Board of Trustees Action Items - 24
- Media Releases & Community Notices - 74

COMMUNITY DEVELOPMENT

- Managed 37 Land Use Applications
- Commercial Space - 25,000 sq. ft. (Approximate)
- Amendments to Title 10 (UDC)
- Implementation of Business License System

ECONOMIC DEVELOPMENT

- Airport Economic Development Plan
- Aviation Development Zone Designation
- Economic Development Marketing Plan
- Business Licenses Issued - 390

FINANCE

- Grant Awards (Cash) - \$1,556,714
- Grant Awards (low interest loans) - \$3,534,700
- Financial Software System Conversion
- Employee Recognition Program
- 2010 Budget

OPEN SPACE AND TRAILS

- Natural Areas Inventory
- Open Space & Trail Construction
- Spine Trails System

PARKS & RECREATION

- Erie Community Park Ground-breaking
- Erie Community Center Visitors - 183,564
- Fitness & Wellness Participants - 34,232
- Special Events Attendance (Total) - 28,000
- Bark in the Park
- Trunk or Treat
- Concerts in the Park
- Parks, Recreation, Open Space & Trails Master Plan
- Free Residential Tree Certificates Issued - 675
- New/Replacement Trees Planted in Parks - 135
- Recreation Division Volunteers - 285

POLICE

- Calls for Service - 8,064
- Community and Police Partnership
- "Story Time with Officer Mike"
- Police E-Newsletter
- Neighborhood Watch
- Citizen's Police Academy
- Cops, Coaching & Character

- National Night Out
- Neighborhood Police Officer Program

PUBLIC SAFETY

- Local Emergency Operations Plan
- Emergency Preparedness Checklist
- Mosquito Control
- Incident Management Systems Training

PUBLIC WORKS PROJECTS

- Capital Improvement Projects - 66
- North Water Reclamation Facility Construction
- Leon A. Wurl Service Center Construction
- Airport Automated Weather Observation System
- Total Miles of Streets Maintained - 132
- County Line Road Bike Lanes Added - 9,600 LF
- Sanitary Sewer Lines Cleaned - 113,887 LF
- Street Striping - 87.5 Miles
- Spring and Fall Clean-Up Programs
- Street Maintenance Program
- Residential Water Meter Replacement - 469
- Flood Control Improvements
- Residential Irrigation Audits



Finance



Communication and Information Services



Building Division

Balance Sheet

More formally referred to as the Statement of Net Assets, the Town's balance sheet reflects a strong and healthy financial condition as of December 31, 2009. The assets of the Town exceeded its liabilities at December 31, 2009, by \$256 million (net assets). While the total assets increased by \$17 million, the Town's liabilities also increased by \$14 million, which primarily reflects the increase in capital assets like construction of the North Water Reclamation Facility and Erie Community Park, offset by an increase in long-term liabilities for the wastewater revenue bonds issued in 2009.

Statement of Net Assets for the year ended December 31st (in thousands of dollars...'000s)

	2009	2008	2007	2006
Assets				
Current Assets	\$95,150	\$94,616	\$96,045	\$93,128
Other Assets	1,844	1,234	1,058	846
Capital Assets	286,130	269,956	250,192	209,437
Total Assets	383,124	365,806	347,295	303,411
Liabilities				
Current Liabilities	15,781	112,122	15,811	11,310
Non-current liabilities	110,845	100,349	93,386	81,741
Total Liabilities	126,626	112,471	109,197	93,051
Net Assets	\$256,498	\$253,335	\$238,098	\$210,360

This balance sheet is presented in much more detail in the Town's complete Comprehensive Annual Financial Report – this is a very high-level summary that captures the category sub-totals and compares them to prior years. This may serve as a useful overall indicator of the Town's financial position and the trend over the last four years.

Income Statement

More formally referred to as the Statement of Activities, the Town's income statement reflects all the financial activity for the Town during the fiscal year ended December 31, 2009. This statement presents information to show how the Town's net assets changed during the year as a result of the financial activity (i.e., revenues and expenses). This is a summarized version of the more detailed income statement found in the Town's complete Comprehensive Annual Financial Report.

Statement of Activities for the year ended December 31st (in thousands of dollars...'000s)

	2009	2008	2007	2006
Revenue	\$25,741	\$36,781	\$46,836	\$54,248
Expenses	(22,578)	(21,544)	(19,098)	(15,904)
Increase in net assets	3,163	15,237	27,738	38,344
Net assets, beginning of year, restated	253,335	238,098	210,360	172,016
Net assets, end of year	\$256,498	\$253,335	\$238,098	\$210,360

The income statement shows that our net assets have increased each year, for the last four years, between \$3 and \$38 million annually. This trend reflects a strong financial performance in areas that fund capital improvements, especially those funded by tap and impact fees. 2009 revenues were less than in prior years due to slow building permit activity.

WHAT THEY'RE SAYING

"While most cities and towns have slowed down development to stay in line with the economy, the Town of Erie has continued to expand. The Town of Erie has issued about 100,000 square feet of new commercial/retail space in the past 18 months."

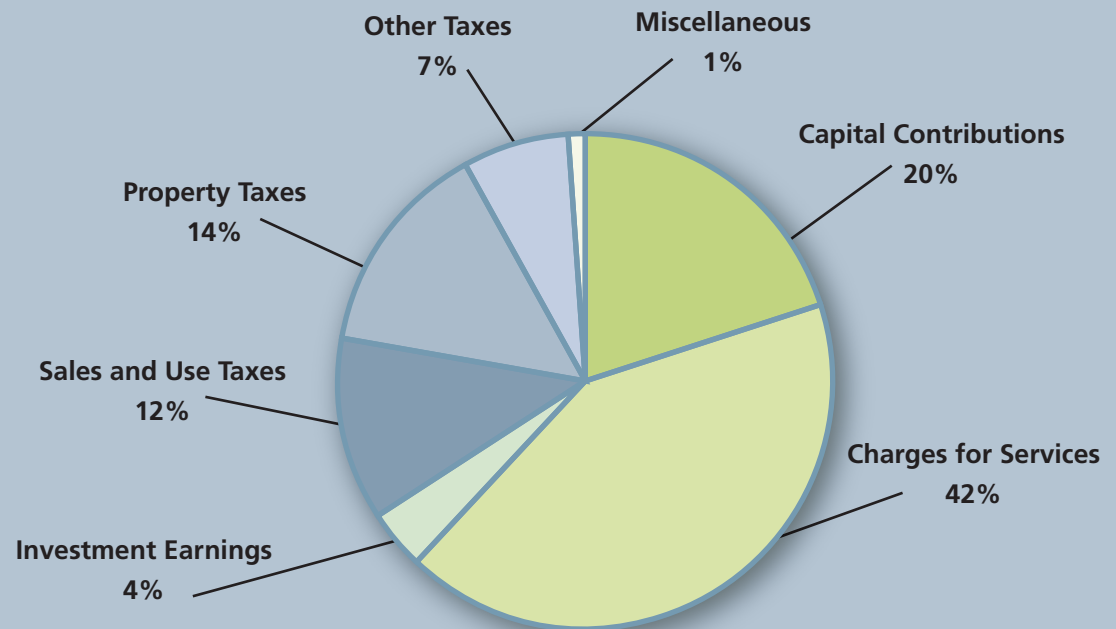
- Boulder County Business Report
October 2009

Revenues



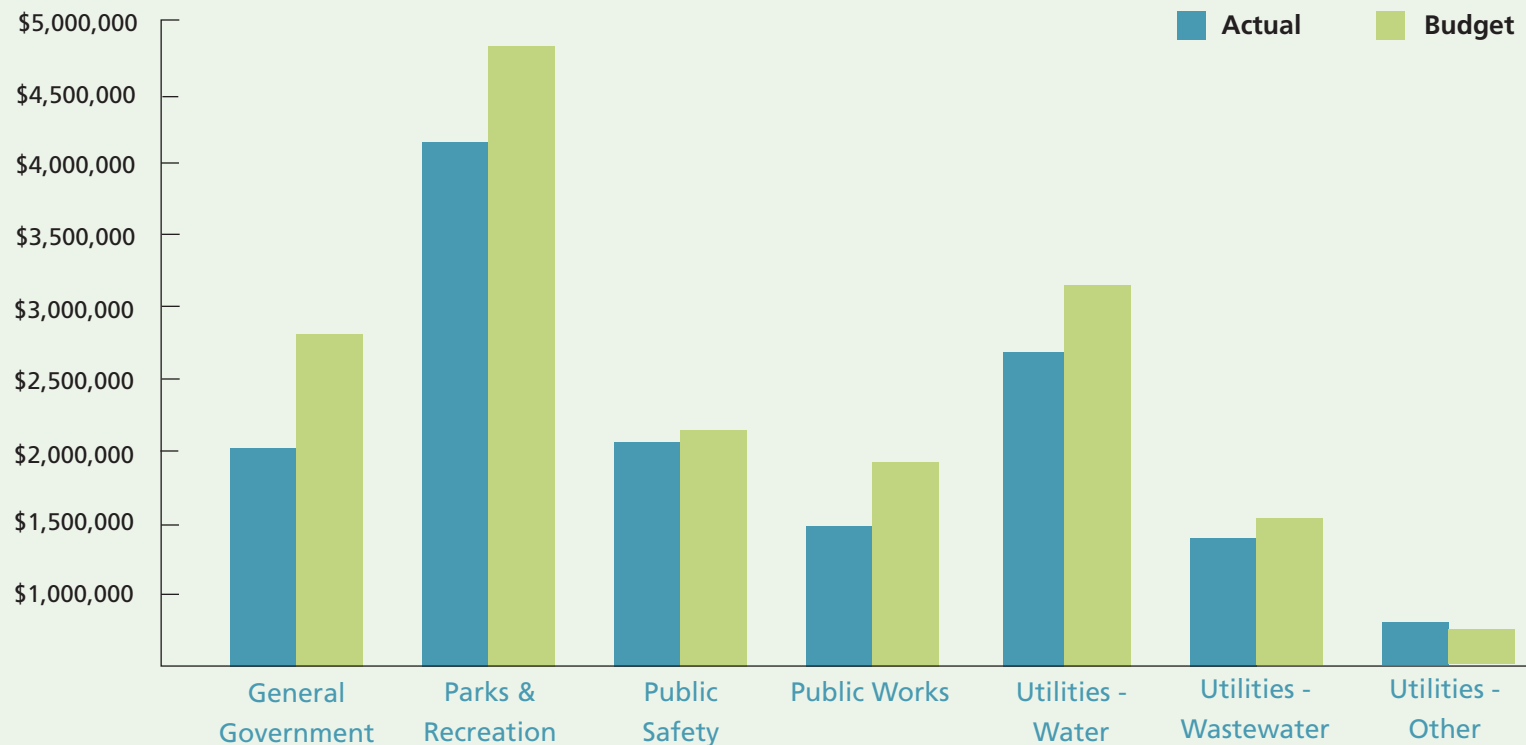
This chart illustrates the variety and percentage of the Town's sources of funding, including taxes, capital contributions, charges for services, licenses and fees and interest income. The Town's primary revenue sources during 2009 include charges for services and capital contributions, which include the one-time payments of fees of tap and impact fees, which are used to finance the construction of capital improvements. Taxes accounted for 33% of all revenues in 2009, which represents an increase of 23% over 2008.

REVENUE BY SOURCE



Expenses - Budget Versus Actual

This chart presents information for the Town's operating expense categories. The chart indicates the Town spent less than budgeted in all operating expense categories except "Utilities-Other." The difference represents an increase in actual ending fund balance in 2009.



This schedule is prepared using a budgetary or cash basis of accounting. This is a summarized version of the more detailed schedule of revenues, expenditures and changes in fund balances – actual and budget found in the Town's complete Comprehensive Annual Financial Report. Capital Outlay and Debt Service expense categories are excluded from this chart.

Debt & Financial Ratings

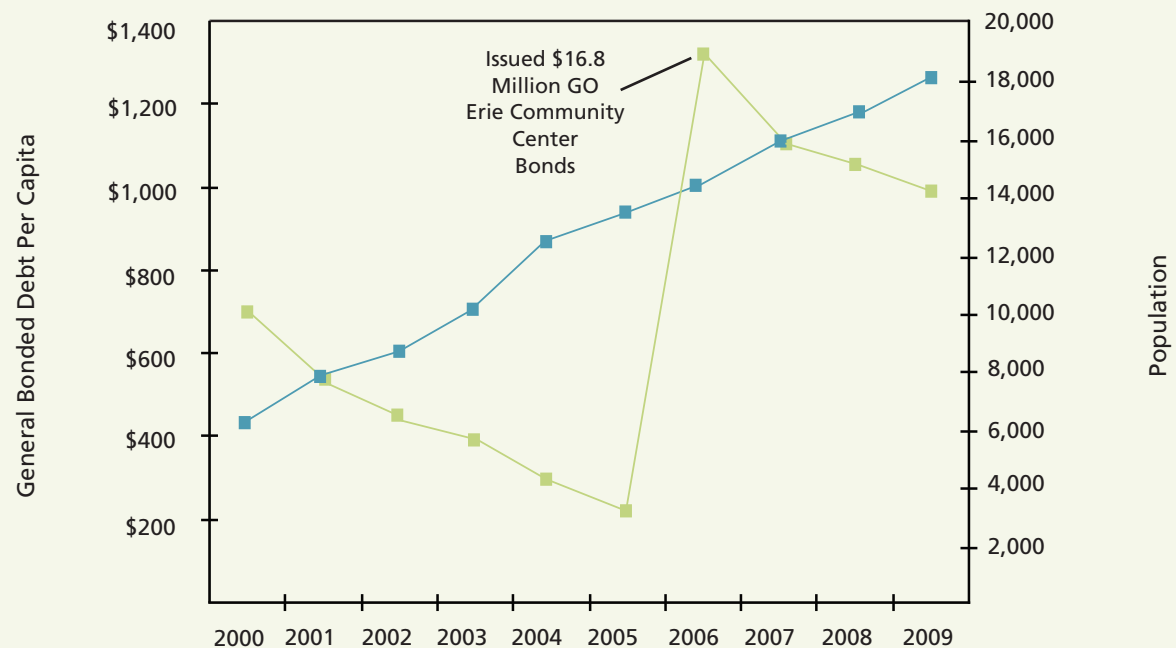
WHAT THEY'RE SAYING

According to Standard & Poor's Credit Analysts, the rationale for Erie's favorable "A" Bond rating for the Town's Water Reclamation Facility financing included: "The wastewater utility system's diverse residential customer base, with strong wealth and income levels and direct access to the Denver metropolitan statistical area;" and "Erie's robust residential growth in the area in the past decade, which has provided the system with substantial tap fees and helped generate a large cash balance equal to more than 4 years of operating expenses."

- Moody's Investor Services,
November 2009

As of December 31, 2009, the Town had two outstanding general obligation bonds totaling \$18.2 million, five water revenue bonds issues totaling \$33.9 million, seven wastewater revenue bond and loan issues totaling \$24.9 million, and three other loans related to storm drainage and the Erie Housing Authority totaling \$1.2 million. Additionally, the Town has \$30 million in outstanding Certificate of Participation, which the Town used to purchase raw water rights in 2005.

The Town's underlying general obligation (GO) bond rating reflects the Town's continued strong financial performance. The Town received its first underlying GO bond rating in 2006: A1 rating from Moody's and AA (upgraded in 2009 from A+) from Standard and Poor's. The Town received an underlying rating of A3 from Moody's on its water revenue bonds issued during 2007. The Town received an underlying rating of A3 from Moody's and A from Standard and Poor's on its wastewater revenue bonds issued during 2008. Moody's defines an "A" rating as obligations that are considered upper-medium grade and subject to low credit risk.

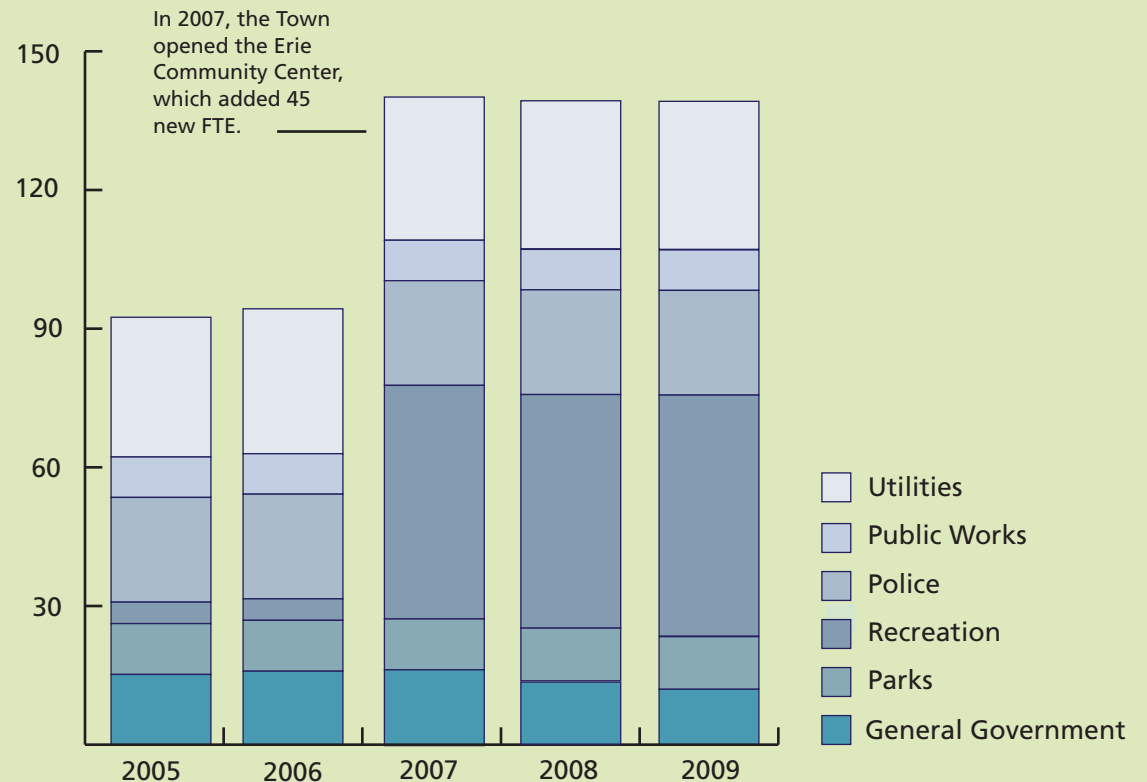


Employee Salaries & Benefits

The Town conducts a market analysis of comparable jobs to update the pay plan on an annual basis. In 2009, the Town adopted an across the board pay plan increase of 1.67% based on the market analysis. Employees are also eligible for a potential merit increase of 2.5%, on average, based on employee performance. Health insurance costs did not increase substantially due to negotiations with the vendors and change in medical plan design. On average, the Town contributes 74 percent of the health care premium and employees pay 26 percent, comparable with other local municipalities. The costs for other employee benefits, including life and disability insurance remained about the same in 2009.

During 2007, the Town added a new department to the organizational structure. The Parks & Recreation Department was created by merging the Parks Maintenance division from Public Works with the Recreation division from Administration. The Parks and Recreation Department is responsible for maintaining parks and creating recreational opportunities in Erie. The newest recreational amenity opened in January 2008, the Erie Community Center. The Recreation Division added 75 staff members during the last two months of 2007 and increased the Town's total full-time equivalents (FTE) by 45.

Number of Full-Time Equivalent (FTE) Employees by Function



WHAT THEY'RE SAYING

"I am proud to be a resident of Erie. This is where I trained for the Olympics. And because of the good roads and trails in Erie, they helped me prepare for the Beijing Olympic Games."

- Constantina Tomescu-Dita
Olympic Gold Medalist,
February 2009



AIRPORT: 303-664-0633 or 303-926-2870

BOARDS & COMMISSIONS: 303-926-2731

COMMUNITY:

Cemetery (Mt. Pleasant): 303-926-2731

Citizens Police Academy: 303-926-2800

Erie Community Center: 303-926-2550

Erie Community Library: 720-685-5200

Neighborhood Watch: 303-926-2800

DEPARTMENTS:

Administration: 303-926-2710

Community Development: 303-926-2770

Finance: 303-926-2700

Parks & Recreation: 303-926-2790

Police: 303-926-2800

Public Works: 303-926-2870

ECONOMIC DEVELOPMENT:

Business Assistance: 303-926-2764

EMERGENCY SERVICES:

Emergency: 911

Poison Control: 1-800-222-1222

Police Dispatch Non-Emergency: 303-441-4444

Fire Department Non-Emergency: 303-772-0710

Police Department Administration: 303-926-2800

Emergency Preparedness: 303-926-2764

EMPLOYMENT / HUMAN RESOURCES:

303-926-2745

INFORMATION RESOURCES:

Erie Government TV & Website: 303-926-2761

Public Information & Media Liaison: 303-926-2764

Public Records: 303-926-2731

Website: www.erieco.gov

PARKS & RECREATION:

Active Adults 60+ Program: 303-926-2795

Erie Community Center: 303-926-2550

Parks: 303-926-2887

Recreation: 303-926-2550

PERMITS & LICENSES:

Building Inspections & Permits: 303-926-2780

Business/Home Occupation License:

303-926-2770

Dog Licensing: 303-926-2700

Special Events Permit: 303-926-2731

PLANNING & ZONING:

Community Development Department:

303-926-2770

POLICE & COURTS:

Code Enforcement: 303-926-2800

Municipal Court: 303-926-2851

Police Department Administration: 303-926-2800

Police Records: 303-926-2800

VOTER REGISTRATION & ELECTION INFORMATION:

Town Clerk: 303-926-2731

WATER & WASTEWATER:

Utility Billing: 303-926-2752

Water Reclamation Facility: 303-926-2895

Water Treatment Facility: 303-926-2860

The purpose of the Popular Annual Financial Report is to provide an overview of the financial position and operations of the Town of Erie, as reported in the Town's Comprehensive Annual Financial Report (CAFR), along with other information of interest. The financial information presented here is in summarized and condensed form, and does not substitute for the Town's CAFR. The CAFR outlines the Town's financial position and operating activities each year presented in conformity with generally accepted accounting principles. The Popular Annual Financial Report does not conform to generally accepted accounting principles and associated standards as set forth by the applicable governing bodies, but is suitable for those readers who prefer an overview or summary of the Town government and its financial condition. Some of the information is from the Town's Annual Budget. Both the Town's CAFR and Annual Budget have received awards for outstanding financial reporting from the Government Finance Officers Association. The CAFR, Annual Budget and Annual Report are available at Town Hall and the Town's website www.erieco.gov.



Town of Erie, Colorado

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303-926-2700

www.erieco.gov